

the Dominion. The following table is compiled from the annual report of the Transport Department for the current year, and shows the total "road bill" and the sources from which it is paid—

Total annual road bill, year ending 31st March, 1933—						£
Maintenance of roads and streets	..	..	..	..	..	2,076,194
Construction of roads and streets	..	..	..	..	..	2,607,961
Interest and sinking-fund charges	..	..	..	..	..	2,393,892
						<u>£7,078,047</u>
Sources of payment, year ending 31st March, 1933—						£
Loans	..	..	..	..	..	572,359
Local rates	..	..	..	..	..	2,519,486
Unemployment taxation	..	..	..	..	..	1,397,486
General taxation	..	..	..	..	..	1,024,926
Motor-taxation	..	..	..	..	..	1,563,790
						<u>£7,078,047</u>

In the above table, under the heading "motor taxation" there are included only the returns from the specific taxation for roading purposes, and not the amount paid in general taxation. We shall return to this subject later.

TAXATION BORNE BY MOTOR-VEHICLES.

12. We pass on to consider the taxes borne by motor-vehicles and their effect. These taxes fall into five classes:—

- (1) Tire-tax.
- (2) Petrol-tax.
- (3) Customs duties, other than on tires and petrol.
- (4) Heavy motor-vehicle license fees.
- (5) Sundry annual licenses, fees, and charges.

Taking the above taxes in order:—

(1) *Tire-tax* is an import duty on motor tires and tubes, credited to the Main Highways Revenue Fund by virtue of the original Main Highways Act of 1922. In the year ending 31st March, 1933, it produced £64,000. Revenue from this source is falling, no doubt owing to the long life of the modern tire. No strong objection was made to this tax by any of the parties interested, during our inquiry, though attention was drawn to the cost of its collection, and the uncertainty of its return.

(2) *Petrol-tax*.—Some misapprehension exists as to the nature of this tax. Originally a tax of 4d. per gallon was imposed by the Motor-spirits Taxation Act of 1927, to form a fund of which 92 per cent. was to be paid to the Main Highways Revenue Account, and 8 per cent. to boroughs having a population of 6,000 or more. This tax was increased in 1930 to 6d. per gallon, and the increased tax allotted to the same purpose. A further surtax of $\frac{1}{2}$ d. was added for general revenue purposes. In 1931 2d. more was added, and in 1933 a further 2d. for general purposes, thus making with the surtax (amounting now to $\frac{1}{2}$ d.) a total tax of 10 $\frac{1}{2}$ d. per gallon, of which 6d. is levied for the Main Highways Fund and 4 $\frac{1}{2}$ d. for general revenue purposes. Although the tax imposed in relation to the value of the article appears heavy, it must be remembered that four-sevenths of it is paid to the Highways Fund, and is therefore paid to the direct benefit of the motor-user, and the latter saves on the one hand by improved road surfaces at least as much as he is called on to expend on the other. We shall refer again to this aspect of the matter. So far as the effect of the tax on motor transport is concerned, figures quoted by the Motor Unions indicate there are more private cars per head of population in New Zealand than in any other country, except the United States of America, and so far as commercial vehicles are concerned, the tax is one that readily distributes itself over the whole community. Petrol-tax in fact has certain advantages over all other forms of taxation of motor-vehicles. It is easily and cheaply collected, and there is some ground for the contention that the amount of the tax is in proportion to the road maintenance required per vehicle. We were urged by the motor-trade representatives that the tax on petrol was the fairest and most suitable form of taxation of road-users, and there is much to be said in support of this view. We quote the following from the evidence of the Motor Trade Federation:—

"In our opinion the petrol-tax is the most suitable form of taxation to provide the revenue required to be obtained from motor-owners for the following reasons:—

- "(a) The cost of collection is small. Petrol is sold on a small margin of profit and the margin is not greater than when the tax was less. The retail practice is to sell on a margin per gallon, not on a margin per cent.
- "(b) Bulk stocks of petrol are stored under bond, and the duty or tax is not paid until the petrol is taken out for sale.
- "(c) The yield of taxation is more stable and constant than in the case of taxes such as the tire-tax and other Customs duties. For this reason, it would be much easier to forecast the revenue from a petrol-tax than from Customs duties.
- "(d) Such a tax is easily adjusted, and can be increased or lowered as occasion may require with a minimum of inconvenience.
- "(e) It offers the most efficacious method of apportioning the tax fairly among those who pay it."